GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:3247
ANSWERED ON:14.12.2006
SUBSIDY ON PETROLEUM PRODUCTS
Annayyagari Shri Sai Prathap;Budholiya Shri Rajnarayan;Maheshwari Smt. Kiran

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the Government provides subsidies on petroleum products;

(b) if so, the details thereof, product-wise;

(c) whether the Government proposes to extend subsidy on those products for indefinite period; and

(d) if so, the details thereof ?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA PATEL)

(a)&(b): The Government provides subsidy of Rs.22.58 per 14.2 Kg. domestic LPG cylinder and Re.0.82 per litre on PDS kerosene from the fiscal budget of the Government. In addition, for the first half of 2006-07, Government along with PSU oil companies have given a subsidy of about Rs.153/- per cylinder of LPG and Rs.16.69 per litre on PDS kerosene.

Additionally, the Government has agreed to issue bonds worth Rs.28,300 crores for the current Financial Year 2006-07 to Oil Marketing Companies for losses/under recoveries suffered in marketing of sensitive petroleum products.

(c)&(d) : With the declared intention of moving towards market-determined pricing for petroleum products, Government announced the dismantling of the Administered Pricing Mechanism (APM) effective 1.4.2002. Since PDS kerosene and domestic LPG are fuels of mass consumption and largely consumed by the economically vulnerable sections of the society, it was decided that subsidies on these two products would continue on a specified flat rate basis to be met from the fiscal budget upto 31.3.2007.